GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2097
ANSWERED ON:08.08.2005
PAYMENT FOR PUSCHASE OF RAW MATERIAL
Chowdhury Shri Adhir Ranjan

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the details of different raw materials therapeutically-wise, which are converted to medicines in the country;

(b) whetherthese have been regularly monitored for pricing from availability angle during each of the last three years;

(c) if so, the details thereof;

(d) the details of the price paid by the Government for purchase of various medicines therapeutically by armed forces, Railways, ESI vis-avis maximum retail price of unscheduled medicines in the country during the said period;

(e) whether the percentage of these suppliers are from small scale pharma units vis-a-vis large unit; and

(f) of so, the steps taken by the Government to regulate unintended profits for sale of unscheduled drugs in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a),(b) & (c): It is estimated that there are about 500-600 bulk drugs used in the country for manufacture of formulations(medicines). Many of them and the combinations thereof are used for more than one therapeutic use. Presently 74 bulk drugs specified in the Drugs (Prices Control) Order, 1995 and the formuiations based thereon are under price control and their prices are fixed/monitored by the National Pharmaceutical Pricing Authority.

(e) & (f): Bulk supplies made to various Organisations by the drug manufacturers are mostly based on the system of tendering or rate contract as per the Organisational/Government norms. The prices quoted by manufacturers for such formulations therefore are not directly linked to the retail price in the market generally. The number of formulations in various dosage forms and pack sizes manufactured in the country runs into thousands. Prices of non-scheduied formulations are fixed by the manufacturers themselves keeping in view various factors like cost of productions, marketing/selling expenses, trade commission, market competition, product quality etc. Even in the case of such non-scheduled formulations, the Government takes corrective measures where the public interest is found to be adversely affected.

A Committee under the Chairmanship of Joint Secretary (PI) in the Department was constituted to examine the span of price control (including trade margin) to suggest measures to ensure the availability of life saving drugs at reasonable prices. In its interim report, the Committee has recommended, inter-alia, intensive monitoring on the prices of all those drugs out of the selected basket (National List of Essential Medicines, 2003) which are not under price control, ceilings on trade margins of drugs, a system of price negotiations for the new patented drugs, special schemes for people below poverty line, introduction of Rajasthan Model of Life Line Fluid Stores (hospital pharmacy stores run by Medicare Societies) for bulk purchase of drugs directly from manufacturer and selling them at reduced prices, compounding of offences under the Essential Commodities Act, establishment of DPCO ceils in all States on the model of Karnataka etc., efforts to increase public awareness, wide publicity to policies and decisions of the Government and IMPPA etc. Follow up action has been initiated on the recommendations made by the Committee in its interim report.

A Task Force headed by Principal Adviser (PP), Planning Commission has been set up to examine options other than price control for making available essential and life saving drugs at reasonable prices. This Task Force is examining various options in this regard and would make suitable recommendations to the Government.